

Industry Matters

Weekly Updates

February 28, 2025



Economy, Industry and Policy

Manufacturing slump prompted Feb rate cut-RBI MPC member Kumar: A sharp slowdown in India's manufacturing sector - a key driver of job creation - was a major factor in the monetary policy committee's (MPC) decision to cut the key repo rate earlier this month, an external member told Reuters. *[Business Standard]*

Repo rate one of many factors to revive growth-MPC Member Nagesh Kumar: After a gap of almost five years, the Reserve Bank of India's (RBI's) monetary policy committee (MPC) lowered the policy repo rate during the February meeting. *[Business Standard]*

Datanomics- Urban areas record higher consumption expenditure disparity: Urban areas present significantly greater consumption disparity than rural areas. Scheduled Caste (SC) households witnessed a 5.6 per cent monthly consumption expenditure gap in rural areas and a 17 per cent in urban areas compared to the national average. *[Business Standard]*

India's economic growth outlook remains stable despite global uncertainties: India's economic growth outlook remains stable despite global uncertainties according to a report by Boston Consulting Group (BCG). The retention of most forecasts indicates confidence in domestic economic resilience, supported by factors such as strong consumption, government infrastructure spending, and a robust services sector. *[Business Line]*

CBDT amends norms, mandates detailed income disclosures for business trusts: The government has amended income-tax norms to enhance transparency in reporting income distributed by trusts such as Alternative Investment Funds (AIFs), Real Estate Investment Trust (REITs) and Infrastructure Investment Trust (InvITs). *[Business Standard]*

India's pharma, food, textile sectors at risk from reciprocal tariffs-Moody's: India's food, textile and pharma sectors could be worst hit by the reciprocal tariff plans of the US administration though the impact of such a move will be higher on the competing economies of Asia-Pacific Region. *[Financial Express]*

No extra outlay for MGNREGS in FY25: With just a little over a month to go for FY25 to end, the Centre has decided not to release any additional funds for the Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS), as it feels the outlay of Rs 86,000 crore will be enough for the year. *[Financial Express]*

Rural India spending more time on education than urban India-Survey: People in rural areas spent more time on "learning activities" in 2024 than those in urban parts of India, revealed findings from the latest Time Use Survey (TUS) released by the Ministry of Statistics and Programme Implementation (MoSPI) on Tuesday. *[Business Standard]*

MGNREGS, PMAY-G account for 75% of rural development dept's budget: Flagship rural employment scheme MGNREGS and housing scheme PMAY-G together account for 75 per cent of the budgetary allocation for the Department of Rural Development, a new report has said. *[Business Standard]*

Gautam Adani pledges to invest Rs 1.1 trn across sectors in Madhya Pradesh: The Adani Group has committed to investing Rs 1.1 trillion in Madhya Pradesh across various sectors, including infrastructure and smart metering, with an additional Rs 10 trillion investment. *[Business Standard]*

Services sector growth pushes India's private sector output to 6-month high: Private sector output in India increased at the fastest pace in six months during February, amid a quicker expansion in services activity, according to the HSBC flash Purchasing Managers' Index (PMI) survey. *[Business Standard]*

Lower policy rate appropriate at current juncture-Governor: RBI Governor Sanjay Malhotra suggested a lower policy rate, citing expected alignment of inflation with the RBI's target. *[Financial Express]*

Economy likely to have grown between 6.3-6.5% in Q3: Indian economy is likely to have recovered in October-December quarter (Q3) of Fiscal Year 2024-25 between 6.3 to 6.5 per cent. However, one research firm sees growth at 5.8 per cent. *[Business Line]*



Foreign Investment

The effects of tepid FDI flows: India's declining foreign direct investment (FDI) has become a pressing concern, amid a global slowdown in investment flows driven by economic instability, geopolitical conflicts, and increasing borrowing costs. *[Business Line]*

UAE eyes investment in tourism, healthcare sectors in Kerala- Minister: In a sign of strengthening ties between India and the United Arab Emirates (UAE), the West Asian country has said that it is looking for investment opportunities in key sectors such as healthcare, tourism, food processing, and technology in Kerala. *[Business Standard]*

India-UK trade talks begin: FTA, BIT, social-security pact on the table: After a year's pause in talks, India and the United Kingdom (UK) on Monday formally launched three-track negotiations for a free-trade agreement (FTA), bilateral investment treaty (BIT), and double-contribution convention or social-security agreement. *[Business Standard]*



Trade Policy and Competitiveness

Several APAC economies like India, Korea could face higher US tariffs-S&P: S&P Global Ratings on Monday said several Asia-Pacific economies could face higher tariffs under the Trump administration, while India, South Korea, and Thailand could be most vulnerable to trade retaliation. *[Business Standard]*

Trump tariff on chips a long-term concern for Asia, US-Nomura lists key risks: Nomura said that the direct impact of higher chip tariffs on Asia will be muted for two reasons: limited room for substitution and price inelasticity of AI demand. *[Financial Express]*

Can MAGA and MIGA co-exist? India-US trade tariff talks may hold the key: While a trade deal between India and US looks natural, given differences in economic structure, India will need to improve quality of its exports failing which US will simply turn to other producers. *[Business Standard]*

Australian exporters to save \$2 bn in tariffs due to trade pact with India: Exporters from Australia saved around \$2 billion in tariffs by the end of December 2024 due to tariff concessions implemented under the Economic Cooperation and Trade Agreement (ECTA), or the interim trade deal, between the two countries. *[Business Standard]*

US plan to penalise Chinese shipping could hit Indian trade: Indian trade could be badly affected if the proposal for huge port fees targeting Chinese shipping companies and vessels built in Chinese shipyards comes into force. *[Business Line]*

UK, EU step up FTA talks with India in US President Donald Trump era: The escalating trade war and growing tariff threats from US President Donald Trump are prompting the European Union (EU) and the United Kingdom (UK) to fast-track the long-delayed free trade agreement (FTA) negotiations with India. *[Business Standard]*



Corporate Governance

India's top 4 business families anchor for a fifth of CSR contributions: India's top four business families — Tatas, Ambanis, Adanis, and the Birlas — accounted for 20 per cent of the total corporate social responsibility (CSR) contributions made by family-owned or family-run companies, according to the data for 2023-24 (FY24). *[Business Standard]*

CCI greenlights Paloma Rheem's acquisition of Fujitsu General under green channel: The Competition Commission of India (CCI) has granted automatic approval to Paloma Rheem Holdings Co. Ltd.'s acquisition of Fujitsu General Limited under the green channel route. *[Business Line]*

Piyush Goyal asks industry players to shed protectionist mindset, be bold and compete globally: Union Commerce and Industries Minister Piyush Goyal on Thursday (February 27, 2025) urged Indian industry leaders to shed their protectionist mindset and focus on becoming globally competitive. *[The Hindu]*



MSMEs and Start-ups

Experts at ET SME summit call for cutting red tape, sustainability to elevate MSME ecosystem in Coimbatore: Innovation, sustainability and leveraging opportunities to tap into the next wave of growth emerged as key topics of discussion for experts, government officials and micro, small and medium-sized enterprises (MSMEs). *[The Economic Times]*

Outlook positive for MSMEs in security services-CRISIL SME Tracker: Rising private capital expenditure and demand for commercial spaces are expected to help the security services industry in India log a healthy 9-11 per cent increase in revenue this financial year, keeping up the momentum after an estimated increase of 10-12 per cent in financial year 2024 to ₹1.4 trillion. *[Business Standard]*

From struggling to thriving- How Credit Guarantees can bridge the credit gap faced by MSMEs: Providing credit guarantees to lending institutions can play an increasingly important role in bridging the credit gap faced by Indian MSMEs and facilitating the growth of credit to the MSME sector. *[The Economic Times]*



Employment and Industrial Relations

EPFO likely to reduce interest rate for FY25 in Friday board meeting: The Central Board of Trustees of the Employees' Provident Fund Organisation (EPFO) is likely to effect a reduction in the interest rate paid on retirement savings accumulated by its nearly 300 million members for this financial year. *[Business Standard]*

Women's workforce participation up, but social barriers need more action: The participation of women in the workforce holds immense significance, contributing not only to the country's economic growth, but also adding to workplace diversity across industries. *[Business Standard]*



Industrial Finance

Green Frontier Capital to invest Rs 100 cr in climate-tech firms this year: Green Frontier Capital, India's first climate tech-focused venture capital firm, is ramping up its investments to drive the country's low-carbon transition. *[Business Standard]*

India Inc chalks out Rs 4-lakh-crore investment blueprint for MP: OPG Power Generation also announced a Rs 13,400-crore investment in battery storage system manufacturing, small modular reactors, green hydrogen, and hybrid (solar and wind) power generation. *[Financial Express]*

NBFCs' temporary workforce driving financial inclusion-TeamLease: The temporary workforce in non-banking financial companies (NBFCs) is driving financial inclusion and supporting underserved markets such as micro, small and medium enterprises (MSMEs) and rural areas, according to a TeamLease report. *[Financial Express]*

Higher capital spending is good, but fiscal prudence is essential: The way government finances are managed in any country has a significant bearing on its long-term growth and development. At India's current stage of development, government support is necessary in various aspects, including the development of social and physical infrastructure. *[Business Standard]*



Technology and Innovation

Indian ITeS Industry and GenAI Conundrum as adoption remains under 40%: India's IT enabled services (ITeS) industry is at a defining crossroads. While generative artificial intelligence (GenAI) could be India's next trillion dollar opportunity, Indian developers have to adopt it for this to happen. *[Business Standard]*

Why are enterprises reluctant to adopt GenAI despite the hype around it?: Since late 2022, artificial intelligence (AI) and generative AI (GenAI) have dominated conversations across industries. OpenAI's breakthroughs showcased the transformative potential of AI, leading to expectations of a dramatic shift in the workplace. *[Business Standard]*

First 'Made in India' semiconductor chip expected by 2025-Vaishnaw: Union minister Ashwini Vaishnaw on Tuesday said the first 'Made in India' semi-conductor chip would be ready for production by 2025. *[Business Standard]*

AI adoption picks up pace in APAC; 90% firms target 3-year timeline- Accenture: The study also noted a fivefold increase in companies planning to make significant investments in responsible AI, rising from 10% to 50% over the next two years. *[Financial Express]*

How to develop trustworthy AI in digital lending: The recently concluded Artificial Intelligence (AI) Summit in Paris reiterated the need for creating safe and trustworthy AI systems. The theme of trustworthy AI is indeed the most pressing policy concern across sectors, including the financial sector. *[Business Line]*



Industrial Infrastructure, Clusters and SEZs

Govt looking at ways to promote shipping sector-Commerce Minister Piyush Goyal: Ship-building opportunities in the country are high and the government is looking at ways to promote the sector, Union Commerce and Industry Minister Piyush Goyal said on Tuesday. *[The Economic Times]*

UAE-based Sharaf group announces Rs 5,000 cr investment in Kerala: UAE-based Sharaf Group announced a Rs 5,000 crore investment in Kerala over the next five years, citing the state's conducive business environment and talented workforce. *[The Economic Times]*

JSW Group to invest in cement manufacturing, renewable, thermal power sectors in Assam-Jindal: JSW Group chairman Sajjan Jindal announced plans to invest in Assam's cement manufacturing, renewable, and thermal power sectors. Speaking at the Advantage Assam 2.0 Summit, Jindal highlighted the region's rapid development and strategic importance to India's economy. *[The Economic Times]*

Nitin Gadkari announces infrastructure projects worth Rs 55,000 cr in Assam: Union Minister of Road Transport and Highways, Nitin Gadkari announced several significant infrastructure projects worth approximately Rs 55,000 crore for Assam. *[The Economic Times]*

Adani Group to invest ₹50,000 crore in Assam across various sectors: Gautam Adani said the group is committed to investing more in the future for the development of the state and the northeastern region. *[Business Line]*



Sustainable Industrialisation

MPGIS 2025-SECI commits Rs 2,500 cr investment in Madhya Pradesh: State-owned Solar Energy Corporation of India (SECI) on Monday said it will invest Rs 2,500 crore phase-wise in renewable energy projects in Madhya Pradesh. *[Business Standard]*

Centre mulls \$1 billion subsidy plan to boost solar manufacturing industry: India is finalising a \$1 billion capital subsidy plan to bolster its solar manufacturing industry, according to people with knowledge of the matter, as part of a wider effort to reduce dependence on China and profit from the global energy transition. *[Business Standard]*

India's wind capacity addition to double by FY27-Crisil: India's annual capacity addition of wind power is expected to more than double to 7.1 gigawatt (GW) on average in the next two financial years, compared with 3.4 GW during the 2023-2025 period, driven by government measures to ramp up the pace, according to Crisil Ratings. *[Financial Express]*

Lauritz Knudsen expands into green energy and EV charging: Lauritz Knudsen, part of Schneider Electric Group, is exploring innovations such as hydrogen analysers and wind energy systems and is becoming part of EV charging infrastructure as part of its plans to grow its renewable energy business. *[Financial Express]*

Govt calls for Siam proposals to rev up electric car adoption in India: The Ministry of Heavy Industries has asked the Society of Indian Automobile Manufacturers (Siam) to submit a composite proposal outlining measures that the government can take to accelerate electric four-wheeler adoption in India. *[Business Standard]*



Sectoral News

Electronic, electrical industry should aim for \$100 bn exports-Goyal: The Indian electronics and electrical industry should look at increasing exports to \$100 billion over the next 5-7 years, Commerce and Industry Minister Piyush Goyal said on Monday. *[Business Standard]*

Indian IT sector may see low single-digit growth in FY25-Nasscom: The Indian IT industry is expected to grow by 5.1 per cent to \$282.6 billion in FY25, up from the 4 per cent growth in FY24. Nasscom, the industry body, said the sector was likely to surpass the \$300 billion revenue milestone in FY26. *[Business Standard]*

Indian pharma sector's regulatory violation instances fell 11% in '24: From 23 per cent in 2014, the share of regulatory violation instances which entail Official Action Indicated (OAI) tag by the US' drug regulator sharply dropped to 11 per cent in 2024, suggesting that Indian pharmaceutical industry has jacked up its compliance with the international standards in the face of more stringent norms. *[Business Standard]*

Critical minerals recovery from waste needs multipronged strategy: Recovery of critical minerals from processing waste requires a multipronged strategy with policy reforms in India, according to a report. Technological development, capacity building and supply chain integration are also needed for the recovery of these minerals from waste, according to a recent Ficci-Deloitte report. *[Business Standard]*

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